

**GOVERNMENT OF INDIA
REORGANISATION SECRETARIAT**

**REPORT ON REORGANISATION
OF
THE MACHINERY OF
GOVERNMENT**



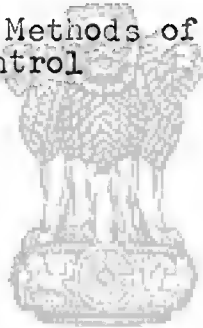
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**REPORT ON THE REORGANISATION OF THE
MACHINERY OF GOVERNMENT**

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SUMMARY OF CONCLUSIONS AND RECOMMENDATIONS

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1. Need for changes in the set-up. - There is need for carrying out organisational changes in the existing set-up of the machinery of government. This is so because there is insufficient co-ordination in the framing of policies and plans and inadequate speed and efficiency in their execution and these are relatable to faults in the set-up.

2. Insufficiency of mere changes in the set-up. - The removal of defects cannot be effected in a day nor merely through simple changes in the machinery. Improvement can and should be brought about through the combined effect of -

a) organisational changes in the existing set-up of the machinery of government,

b) improvements in the sphere of personnel administration, designed to secure a progressive improvement at all levels, in the calibre of personnel employed,

and d) improvements in the methods of transaction of governmental business (administrative and financial)

The process of reorganisation (in its widest sense) consists in the framing and implementation of measures directed simultaneously to these three purposes.

3. Distinction between Basic Plan and detailed schemes. - A distinction should be drawn between the general framework of the machinery of government and the internal structure of this machinery. The term Basic Plan of Reorganisation is used to signify changes in the set-up of the general framework. Changes in the set-up of the internal structure will be the subject-matter of detailed schemes of reorganisation.

4. Object of Report - The object of this Report is to present a Basic Plan for the approval of Cabinet and outline the general principles governing the formulation of detailed schemes of reorganisation.

5. Basic Plan of Reorganisation. - The Basic Plan of Reorganisation which is submitted for the approval of Cabinet

is outlined in the pictorial chart (Frontispieces).

The main changes involved in the Basic Plan of Reorganisation are divisible under four heads as shown below:-

- i) The central secretariat should be divided into 37 primary units of organisation consisting of 28 departments, 8 central administrative offices and a cabinet secretariat.
 - ii) A distinction should be drawn between a department as an organisational unit and a ministry as an organisational unit. 28 departments should be accommodated within 20 ministries.
 - iii) A new grouping of ministries responsible for economic and social services should be established under the name of bureaus. There should be a Bureau of Natural Resources and Agriculture, a Bureau of Industry and Commerce, a Bureau of Transport and Communications and a Bureau of Labour and Social Services.
 - iv) The cabinet organisation should be strengthened by the establishment on a permanent basis of certain standing committees of Cabinet, in addition to ad-hoc committees set up from time to time.
6. A department should be identified with a secretary's charge. A ministry should be identified with a minister's charge. This should be the basis of distinction between ministries and departments.
7. Each department should constitute a clearly manageable charge for one secretary, and the responsibility of the secretary as the head of the department should be complete and undivided.
8. Each department should be not only a manageable charge but substantially homogeneous in respect of functions entrusted to it.
9. The normal organisation of a department should provide for a clear and uninterrupted line of command from above which is also an equally clear and uninterrupted line of responsibility from below. This is best provided by the following set-up, namely, secretary or head of a department - Deputy Secretary or Head of a Division - Under Secretary or Head of a Branch - Section Officer - Assistant.

A separate grade of additional secretary is unnecessary and should be abolished.

The interposition of an officer between a secretary and a deputy secretary is an unsatisfactory arrangement even where it is made for the purpose for which it should normally be made. It is liable to constitute a serious organisational defect when the system is not worked properly. Nevertheless, it is not possible to obviate such arrangements and also provide each secretary with a manageable charge, except by excessive multiplication of the number of departments and the creation of new problems of co-ordination.

Notwithstanding the increase in the number of departments which has been proposed, it would still be necessary that provision should exist for joint secretaries in the organisation of some departments. In such cases, the work assigned to the joint secretaries should be clearly localised in a distinct wing within a department. Care should be taken to ensure that the maximum measure of independent functioning and responsibility is vested in them.

10. A secretariat organisation consisting of 3 deputy secretaries each in charge of one secretariat division should be regarded as the upper limit of the manageable charge of a single secretary unassisted by a joint secretary. A similar organisation with 5 deputy secretaries and 5 secretariat divisions with a "wing" located in it would be the ordinary upper limit of the manageable charge of one secretary assisted by a joint secretary.

11. The internal organisation of the secretariat division should follow the pattern prescribed in the Central Secretariat Service (Reorganisation and Reinforcement) Scheme. The two grades of officers referred to as 'superintendent' and 'assistant superintendent' in that scheme may preferably be referred to by a common designation, namely, section officer.

12. The proposed reorganisation should be effected in such a manner as to involve no increase either in the number of the highest-paid posts, or their cost. The following proposals are accordingly made:-

- i) All heads of departments should be uniformly designated as 'secretary'. Within this class, two separate grades should be recognised for purposes of pay only, but not otherwise distinguished by designation.
- ii) The total strength of secretaries grades I and II should be fixed. Officers of either grade should be equally eligible for appointment as head of any department.
- iii) Proposals are formulated for refixing the rates of pay for secretaries grade I, secretaries grade II and joint secretaries in accordance with the recommendations of the Central Pay Commission and providing a scale of compensatory personal pay with due regard to existing service rights.

13. The ministries and departments dealing with economic and social services should be grouped together in four bureaus for purposes of securing co-ordination of policy and planning, the establishment of a common financial advisory organisation and a common central administrative office for the efficient performance of common services and administrative co-ordination.

14. The proposed central administrative offices attached to the four bureaus and other ministries will be responsible for performing functions of a common house-keeping nature and will have the status of a departmental wing or a secretariat division according to requirements.

15. The four ministries of finance, external affairs, home affairs and defence will continue to be unitary minister's charges. No changes are proposed in the ministry of law on account of its specialised character and in the ministries of states and rehabilitation because they are likely to be wound up when their temporary functions are fulfilled.

16. There should continue to be three categories of members of the council of ministers. The functional distinction between the three categories should be clearly defined and

provided for in the Rules of Business.

17. General criteria affecting the fixation of numbers of ministers are indicated. A considerable degree of flexibility is necessary in this matter and has been provided for.

18. It is essential that there should be a proper division of labour and effective delegation within the Cabinet. For this purpose committees of Cabinet are necessary. A clear distinction should be drawn between standing committees of Cabinet and ad hoc committees of Cabinet.

19. There should be four standing committees of Cabinet, namely, the Defence Committee of Cabinet, the Economic Committee of Cabinet, the Administrative Organisation Committee of Cabinet and the Parliamentary and Legal Affairs Committee of Cabinet. Detailed recommendations have been formulated regarding specification of function, the normal mode of composition, and the nature of secretariat and other ancillary organisations required.

20. Provision should be made for a Cabinet Minister without portfolio, and where necessary more than one.

21. The cabinet secretariat should be strengthened by an effectively organised economic wing. The status and functions of the Cabinet secretary should be re-defined.

22. After the Basic Plan is approved by Cabinet, it will be necessary to work out detailed schemes of establishment (organisation) for individual ministries and departments, central administrative offices and the cabinet secretariat.

The reorganisation secretariat should complete the preparation of such schemes.

23. The Administrative Organisation Committee of Cabinet should be set up forthwith and authority should be conferred on it to give binding decisions on points of disagreement, if any, which may arise on these schemes.

24. The process of bringing about necessary changes in organisation will not be completed when the set-up of the central secretariat is reorganised through such schemes. This should be regarded as a continuing process over an extended period in the future.

It will be necessary to take the following steps:-

- i) Detailed schemes of organisation of services as distinguished from establishment will be necessary e.g., Central Secretariat Service (Reorganisation and Reinforcement) Scheme, the scheme for the Central Cadre of the Indian Administrative Service. A review and, where necessary, revision should be undertaken of the organisation of the various field services required for manning posts in attached and subordinate offices, with a view to limiting the number of isolated posts, manned on an ad hoc basis to the irreducible minimum. This should go hand in hand with the formulation of establishment (organisation) schemes for attached offices and groups of subordinate offices which are related to them.
- ii) The preparation of work relating to the revision of Rules of Business should be undertaken.
- iii) A Manual of Office Procedure should be prepared.
- iv) Steps should be taken to secure that a Civil Services Act is passed, and a self-contained Code of Civil Service Regulations promulgated under the Act.
- v) The responsibility for securing that all these measures are under-taken should be vested in the proposed home (services) department of the ministry of home affairs. Provision should be made in the organisation of this department for an "Organisation and Methods Division", similar to comparable agencies in the U.K. and the U.S.A.

25. Improvement of administrative organisation and methods should go hand in hand with improvement of organisation and methods of financial control.

It is necessary to bring about such changes in machinery and procedure as would render the processes of expenditure sanction more intelligent, well-informed and speedy, and thereby remove the sense of frustration which afflicts, at any rate, several ministries and departments at present; and, at the same time, to tighten up the process of budget control of expenditure, and to promote economy-consciousness and sense of financial responsibility throughout all administrative departments. These are the really effective safeguards against extravagance. The

necessary improvement of organisation has been provided for partly in the Basic Plan of reorganisation, and partly in the detailed scheme of reorganisation of the ministry of finance, which has been separately prepared. The responsibility for initiating the necessary improvement in methods should be vested in the ministry of finance and discharged through the agency of the civil expenditure board proposed to be set up in the civil finance department of that ministry.

Ultimate responsibility for both economy and efficiency must be placed squarely on the shoulders of administrative departments. The organisation of central administrative offices; which is an important feature of this reorganisation scheme, is specially designed to enable departments to discharge this responsibility.



R E P O R T
ON THE
REORGANISATION OF THE MACHINERY OF GOVERNMENT

I. INTRODUCTORY

1. Last year, I submitted a note to Cabinet specifying the defects which require to be remedied in the present organisation of the machinery of government. The Cabinet authorised me to proceed with the further examination of the question on the lines set out in the note, and in the light of any other ideas on the subject which may be furnished to me by my colleagues.

Some of my colleagues furnished their views in writing; some others have discussed the matter with me.

2. In May this year, the enquiry reached a stage at which I reached the conclusion that certain changes in the general framework of the machinery of government should be proposed for the acceptance of Cabinet as a preliminary step before detailed measures for improvement of internal organisation and methods can be formulated. At about the same stage of the enquiry, recommendations of the Economy Committee came up for consideration by government. Cabinet desired me to be present at the discussions of the Standing Finance Committee. It turned out that while many other recommendations relating to organisations outside the secretariat and their attached offices could be disposed of independently, decisions on recommendations relating to the secretariat and, to some extent, also the attached offices had to be postponed pending the conclusion of the reorganisation enquiry. These decisions can only be taken in the light of such alterations in the framework as may be decided.

A preliminary draft memorandum was accordingly prepared outlining a Basic Plan of reorganisation of the machinery of government as a basis for consultation. This was communicated by me to all my colleagues and informal consultation was undertaken with certain senior officers known to be interested in the subject.

3. In the light of views ascertained at these informal consultations, an explanatory note and two memoranda were prepared in which all the proposals of the preliminary draft memorandum were explained, certain provisions were amplified, and an alternative offered for consideration in respect of certain provisions about which sharp differences of opinion had revealed themselves during preliminary consultations. On 28th June 1949, at a meeting with secretaries, I discussed with them these papers in detail. I have thus had the benefit of ascertaining fully informed opinion bearing on all the important issues of a general nature which are relevant to this problem. I have reviewed and, where necessary, revised the preliminary proposals on which consultations were undertaken. (I have also discussed the Draft Report embodying my revised proposals with the Deputy Prime Minister and the Prime Minister and have embodied certain suggestions made by them in appropriate places in the Report.)

4. Before I proceed to describe the nature of the changes in the existing organisation which I have finally decided to propose, certain observations of a general nature are necessary. There is no doubt or ambiguity about the defects which we are seeking to remove. These were stated in detail in my note to the Cabinet. There was only one point which was not sufficiently stressed in my note but was subsequently emphasised by my colleagues. This related to the existing organisation and procedure for financial sanctions. There is practically unanimous agreement on the seriousness of this defect and the need for remedying it. Further, the general economic situation and the present condition of development plans also point forcibly to the nature of the defects which call for remedy.

Broadly speaking, the main defects in the machine may be described as insufficient co-ordination in the framing of policies and plans and inadequate speed and efficiency in their

execution. These defects are relatable to faults in the set-up particularly in so far as there is lack of a clear demarcation of responsibility at different levels, for ordinary disposals as well as real thinking or brain work. The defects are not particularly serious so far as old established activities are concerned. They are especially serious, so far as the handling of the economic situation and the planning and execution of development measures are concerned.

5. It is, of course, obvious that these defects would not be removed by mere changes in the lay-out of the machinery. There are other factors which are of decisive importance. These are - the great increase in the volume and variety of work and the complexity of problems; the serious depletion of experienced personnel at the administrative officer level and the time that it must necessarily take to repair that loss; the largely untrained character of the lower staff which also must taken time to improve; and inexperience, also, at the political level.

It should be clearly borne in mind that any scheme of reorganisation should necessarily include or be accompanied by appropriate measures designed to secure a progressive improvement at all levels in the calibre of the personnel employed, as well as to secure improvements in the methods of transaction of governmental business (administrative and financial).

6. Different views have been expressed on whether such measures alone would suffice, or whether changes in the existing set-up are also necessary. One view is that the existing set-up is nearly as good as any other that might be devised; or, at any rate, that the advantages likely to result from any change would be outweighed by the disadvantages inherent in any disturbance to the machine at the present time. The other view is that while care should be taken to avoid unnecessary changes, those changes in the set-up which are clearly calculated to improve efficiency or secure better co-ordination should be made.

In my opinion, the latter is the correct view. The machinery of government is at present undoubtedly overloaded, but it is not so fragile as is made out by the opponents of all change. It is clearly necessary that undue disturbance calculated to dislocate the working of the machine should be avoided. To go beyond this, and to take up the position that no change whatever should be made is to invite the risk of the machinery acquiring an unhealthy set in a direction tending to increasing lack of co-ordination and increasing inefficiency.

7. My conclusions may, therefore, be stated as follows:-

i) There is insufficient co-ordination in the framing of policies and plans and inadequate speed and efficiency in their execution and these are relatable to faults in the set-up.

ii) It should be fully realised that the removal of these defects cannot be effected in a day, nor merely through simple changes in machinery. Improvement can and should be brought about through the combined effect of ---

- a) organisational changes in the existing set-up of the machinery of government,
- b) improvements in the sphere of personnel administration, designed to secure a progressive improvement at all levels, in the calibre of personnel employed,
- and c) improvements in the methods of transaction of governmental business (administrative and financial).

The process of reorganisation (in its widest sense) consists in the framing and implementation of measures directed simultaneously to these three purposes.

II- BASIC PLAN

8. Organisational changes in the existing set-up of the machinery of government may be conveniently divided into two parts, according as they relate to the set-up of the general framework, or to the internal structure of the machinery.

It is true that there is no hard and fast line which separates

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the "general framework" from the "internal structure". It is also true that neither can be determined entirely without reference to the other. Nevertheless, it is necessary that the distinction should be made in order to facilitate analysis and elucidate the nature and effect of the changes proposed.

I shall use the term "Basic Plan" of reorganisation as signifying all the changes in the set-up of the general framework. Changes in the set-up of the internal structure will be the subject-matter of "Detailed Schemes" of reorganisation which will be distinct from the "Basic Plan".

9. The Basic Plan of reorganisation, which I recommend, is outlined in the pictorial chart attached to this report (Frontispiece). The changes embodied in the Basic Plan may be summarised as below:-

- i) The central secretariat should be divided into 37 primary UNITS of organisation consisting of 28 departments, 8 central administrative offices, and a cabinet secretariat. (It is at present divided into 22 units, consisting of 19 ministries, 2 departments not forming part of any ministry and a cabinet secretariat.)
- ii) The 28 departments referred to above should be accommodated in 20 ministries. One ministry (viz., ministry of finance) should consist of 4 departments, one ministry (viz., home affairs) should consist of 3 departments, and 2 ministries (viz., external affairs and agriculture) should consist each of two departments. Other ministries should consist each of one department only.
- iii) Out of the 20 ministries referred to above, 13 (which are responsible for economic and social services), should be grouped together in four bureaus, as below:-
 - A. Bureau of Natural Resources and Agriculture. - Three ministries, viz., agriculture, food, (note.- The maintenance of a ministry of food as an organisation distinct from the ministry of agriculture is intended to be temporary. After food rationing is withdrawn and the work of the ministry gets diminished, the residual functions should be merged in those of the ministry of agriculture) and works;
 - B. Bureau of Industry and Commerce. -- Four ministries, viz., mines and power, industry, supply and commerce.

C. Bureau of Transport and Communications. Three ministries, viz., railways, transport and communications;

D. Bureau of Labour and Social Services. Three ministries, viz., labour, health and education.

iv) The Cabinet organisation should be strengthened by the establishment on a permanent basis of certain standing committees of Cabinet, in addition to ad hoc Committees set up from time to time.

10. The reasons for proposing these changes are explained in the sections which follow:-

i) What is the nature and purpose of the distinction drawn between departments and ministries? Why do some ministries consist of more than one department, and others of only one?

Why is an increase in the number of departments necessary? Would this not increase the number and cost of officers required? These questions are answered in section III, which contains also an indication of the general principles governing the set-up of the internal structure of departments.

ii) What is the purpose sought to be served by the grouping of ministries into bureaus? Why are some ministries so grouped but not others?

What are central administrative offices? What functions will they perform? How will they be related to ministries and departments? These questions are answered in section IV.

iii) The extent to which changes in the strength and composition of the Council of Ministers are visualised in consequence of the foregoing changes is explained in section V, which also contains a description of the composition and functions of the proposed standing committee of Cabinet.

III- MINISTRIES AND DEPARTMENTS

11. A department of the Government of India may be defined as an organisational unit consisting of a secretary to the Government of India, together with a part of the central secretariat under his administrative control, to which responsibility for the performance of specified functions of

the Government of India has been assigned under Rules of Business framed for this purpose.

A ministry of the Government of India may be defined as ordinarily consisting of a department of the Government of India and the minister-in-charge of such department. In certain cases, however, where it is normally necessary that two or more departments should be placed in charge of one and the same minister, a ministry will consist of two or more departments and the minister-in-charge of all of them.

A formal distinction of this kind is new. It is not, unimportant. I consider it necessary that a department and a ministry should be respectively identified ordinarily with secretary's charge and a minister's charge. The nature of the work to be performed by a minister is not identical with that of a secretary; and, therefore, what may constitute a manageable charge for a minister is not always necessarily a manageable charge for a secretary. This in brief is the explanation of the proposed increase in the number of departments.

12. The changes actually proposed in this respect are as follows:-

i) The ministry of finance (which is at present a single minister's charge as well as a single secretary's charge), should continue to be a single minister's charge but be subdivided into four departments. One of these departments should deal with the assessment and collection of central revenues; another with currency, banking, foreign exchange and external finance problems; a third with the control of civil expenditure; and a fourth with the control of defence expenditure.

ii) The ministry of home affairs should be split into two departments -- one dealing with internal security, law and order, general control of chief commissioners' provinces and the co-ordination of internal political affairs and another dealing with the organisation and control of public services and the co-ordination of administrative organisation and methods. The present

ministry of information and broadcasting should be reconstituted as a third department in the ministry of home affairs.

iii) The ministry of external affairs should be split into two departments each dealing broadly with external relations with one group of countries.

iv) The ministry of agriculture should likewise be divided into two departments -- one dealing with the production and marketing of foodgrains and other agricultural produce and the other with all other matters at present dealt with in that ministry, namely, agricultural research (including training), animal husbandry, veterinary services, forestry and fisheries.

v) The ministry of works, mines & power should be divided into two ministries, each forming one department -- one department should deal with works, and the other with mines (including coal) & power.

vi) The ministry of industry and supply should be divided into two ministries, each forming one department -- one department should deal with industries including control of supplies and prices of industrial products (but excluding coal), and the other should deal with supply (proper) including disposals.

vii) All other ministries are to remain unchanged -- each forming one department.

The department of scientific research will retain its present separate status as a department but not a ministry. Research relating to each department should continue to be a part of the work of that department, but general scientific research, that is to say, research both in pure and applied science should be the responsibility of the department of scientific research. This department might be placed in charge of any minister specially chosen for the purpose, including even a Minister without Portfolio.

The recently created department of parliamentary affairs is not a viable department, and should be merged in the law department.

13. The foregoing changes account for an increase in the number of departments from 21 to 28. I consider this increase to be an essential feature of my proposals because I believe --

first, that each department should constitute a clearly manageable charge for one secretary,

and secondly, that the responsibility of the secretary as the head of the department should be complete and undivided. (This involves the consequence that additional secretaries should be abolished, and joint secretaries retained only in circumstances in which they are indispensable necessary).

14. The importance of ensuring manageable charges is obvious. The Tottenham Report laid down the correct dictum in this respect, namely, "The proper way to organise, if we were to ensure that the higher officers had time to think and were not overburdened with case work, would be to give each secretary a manageable charge and recognise that this might result in having more secretaries than members". A secretary should not be immersed in files and burdened with routine. It is essential that he should have time to grasp the over-all picture, size up the problems facing government in the field allotted to his charge, and think and plan ahead. All these are his proper functions and must be efficiently performed. Failure to make adequate provision in this respect cannot be compensated by mere increase in the establishments under his control. I have sought to achieve this result, in part by increasing the number of departments and in part by separating routine administrative functions of a house-keeping nature and providing for their efficient performance separately in central administrative offices.

15. As a general rule, I believe, efficient organisation requires a clear and uninterrupted line of command from above which is also an equally clear and uninterrupted line of responsibility from below. This means, normally, a departmental set-up organised as follows:-

secretary, or head of department -- deputy secretary,
or head of division -- under secretary, or head of
branch -- section officer -- assistant.

The interposition of an officer (called joint or additional secretary) between the secretary and the deputy secretary in a department is prima facie an unsatisfactory arrangement, even where it is made for the purpose for which it should normally be made, namely, to relieve the secretary of a block of work and deal directly with the minister in respect of that work. Even at its best, I consider the arrangement to be unsatisfactory because the secretary is not thereby formally relieved of his general, (or de jure) responsibility, while de facto responsibility is entrusted to another officer. Inherent in this arrangement is a duplication, (and consequent blurring of real responsibility to the minister. When the system is not worked at its best, (and it often is not), it tends to needfess addition to the work of the secretary; loss of initiative and consequently uneconomical utilisation of the services of the joint secretaary who becomes what has been described by more than one investigator as a glorified deputy secretary; and an avoidable increase in the hierarchical stages of the secretariat personnel, with consequent delay and inefficiency.

At the same time, I recognise that arrangements of this nature are not altogether avoidable. The following figures indicate why this must be so:-

Grade of Officer	No. during 1939	Existing strength	No. Recomm- ended by Economy Committee
Under/Assistant Secretary	44	227	187
Deputy Secretary	26	99	85
Additional & Joint Secretary	12	48	39
Secretary	12	20	20

The present position (as well as the numbers considered necessary by the Economy Committee) involves a lower proportion

of officers of and above the rank of joint secretary, to deputy and under secretaries than used to obtain before the war. If, in these circumstances, it is sought to adapt all departments to a common pattern, with a single secretary unassisted by a joint secretary or additional secretary, and each secretary is to have a manageable charge, then an enormous number of departments would be required. Multiplication of departments on such a scale would necessarily create problems of co-ordination so serious as to off-set the advantages sought to be obtained by compact manageable charges and a clear line of responsibility. Further, the number of secretaries thus required would be so large that it would be necessary to utilise the services of officers who do not possess the requisite experience and cannot, therefore, discharge their responsibilities independently and without supervision or guidance.

I have taken due account of these conflicting considerations, in framing my proposals. I take the view that sub-division of the larger ministries into departments should be effected in those cases where the nature of the work is such that it can not only be conveniently separated and handled in different departments without creating unusual difficulties about co-ordination, but will result in increased efficiency. In other words, each department should be not only a manageable charge, but substantially homogeneous in respect of the functions entrusted to it.

16. Notwithstanding the increase in the number of departments, however, it would still be necessary that provision should exist for joint secretaries in the organisation of some departments. This will necessarily be the case where the subjects handled by the secretary and the joint secretary are not easily separable and susceptible of independent treatment. Even in such cases, however, the work assigned to the joint secretary should be clearly localised in a distinctive wing within the department.

Care should be taken to ensure that the maximum measure of independent functioning and responsibility is vested in him.

The secretary should have a very general supervisory responsibility for the wing also. In order to enable the secretary to discharge this general responsibility, it should be provided --

first, that cases submitted by a joint secretary to the minister should be routed back through the secretary,

and secondly, that provision should be made for cases which are required to be referred through the secretary to the minister.

17. I have considered the possibility of formulating a criterion for determining what constitutes a manageable secretarial charge. As a broad rule of general application, I hold that a secretariat organisation of 3 deputy secretaries, each in charge of one secretariat division, should be regarded as the ordinary upper limit of the manageable charge of a single secretary unassisted by a joint secretary. A similar organisation with 5 deputy secretaries and 5 secretariat divisions with a wing located in it would be the ordinary upper limit of the manageable charge of one secretary assisted by a joint secretary. I recognise, however, that the nature and quality of the work which requires to be handled at the highest level varies from one department to another, and that no uniform yardstick can obviate the need for careful examination of each case on its merits.

18. As regards the internal organisation of secretariat divisions within a department, the grades and scale of staff required have already been settled in the Central Secretariat (Reorganisation and Reinforcement) Scheme which was approved by Cabinet last year. That scheme postulates a standard secretariat division as consisting of a deputy secretary, and two secretariat branches; each secretariat branch should consist of a dozen men, i.e., an under secretary, 2 section officers and 9 assistants. This is normally a sound enough basis for

In passing, I would also recommend that the two grades of officers referred to as superintendent and assistant superintendent may be designated as section officers, and placed in two classes, I and II.

19. A further step in the process of streamlining each department into a manageable charge of one secretary will be the separation therefrom of routine functions of a house-keeping character and the pooling of all such functions along with certain other common services in central administrative offices. I shall describe the functions of these offices more fully in the next section.

20. At first sight, it might appear that the proposed increase in the number of departments would involve a large increase in the number of officers required and greatly add to the cost of the secretariat. So, far at any rate, as numbers are concerned, that is not correct. It is inherent in my proposals that the increase in the number of secretaries must be accompanied by a more than equivalent decrease in the number of additional and joint secretaries. I have satisfied myself by a detailed study of the requirements of two important ministries, whose organisation has been examined with reference to my proposals, that this expectation will be fulfilled.

A doubt has been expressed whether officers of the requisite experience and calibre can be secured for manning all the departments which I have proposed. The additional number involved is not large and I do not think there would be much difficulty in finding them.

21. An increase in the number of posts of secretary, even if accompanied by a more than equivalent decrease in the number of posts of additional and joint secretaries might involve some increase in cost. I am aware that public opinion is already critical of the high cost of administration, and

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more particularly so in respect of the continued prevalence of old rates of salary in so far as they are in excess of the maxi-

more particularly so in respect of the continued prevalence of old rates of salary in so far as they are in excess of the maximum scales recommended by the Central Pay Commission. I am firmly of the opinion that the proposed reorganisation should not involve any increase whatever either in the number of the highest-paid posts or their cost. For various reasons, it has also become necessary to appoint officers to highly paid posts at a stage in their career at which they normally would not have received promotion in the past. My proposals should, therefore, be accompanied by a change in the rates of pay at present in force. There are, however, certain obvious difficulties which must be faced in formulating any proposal for revision of salaries. Statutory rules are in force which provide the old rates of pay to members of other services who are pre-1931 entrants. Certain assurances have been given to the members of all-India services on the occasion of the transfer of power and these assurances have to be respected. There is also the somewhat exaggerated objection to attaching one rate of pay to certain posts, and a lower rate of pay to other posts involving the same duties and responsibilities and required to be held by the same class of officers. (I say exaggerated because this objection does not take the due account of what particular officers may reasonably claim as members of a service vis-a-vis their brethren with due regard to their standing in the service and relative seniority). I have taken due note of these difficulties. I think that a disattached to the services and provide rates of remuneration tenable during the entire career of members of the service and the rates of pay attached to high selection posts to which no individual officer has a vested right until he is actually appointed to it. A revision of remuneration attached to such posts would be justified where a substantial change has arisen on account of increased numbers. The terms in which the assurances have been given to the services by the ministry of

home affairs are indeed carefully framed, so as to provide for the possibility of changes being made in certain respects. In view of all these considerations, I make the following proposals:-

- I. All heads of departments should be uniformly designated as secretary. Within this class, two separate grades should be recognised for purposes of pay only, but not otherwise distinguished by designation.
- II. The strength of secretaries grades I & II should be fixed by rules to be framed in this behalf, and such fixing should be guided mainly by the legitimate promotion requirements of an organised service rather than the supposed relative importance of different departments. Officers of either grade should be equally eligible for appointment as head of any department.
- III. There should be common rates of basic pay for secretaries grade I, secretaries grade II and joint secretaries irrespective of whether such officers are pre-1931 entrants or post-1931 entrants; and whether they are I.C.S. officers or not. These rates should conform to the recommendations of the Central Pay Commission.
- IV. In addition to the basic pay, I.C.S. officers should be entitled to draw a compensatory personal pay, the full amount of which should be equal to the difference between the rates of pay admissible to old entrants and new entrants under the existing rules.

Note. - Every pre-1931 entrant holding a post of secretary or joint secretary should be entitled to a compensatory personal pay in addition to basic pay. The amount of such compensatory personal pay should be the same as that admissible to those I.C.S. officers with whom he may be graded for purposes of seniority by rules framed in that behalf.

- V. The compensatory personal pay should be admissible in full on the condition that the length of service of the officer equals or exceeds a minimum to be prescribed for the category of post in question (say, 21 years for a secretary grade II and 16 years for a joint secretary).
- VI. Where such length of service falls short of the minimum prescribed by one year, 2/3rd of the full compensatory personal pay should be allowed.

Where the length of service of the officer falls short of the minimum prescribed by 2 years, an amount equal to 1/3rd of the full compensatory personal pay should be allowed.

Where the length of service of the officer falls short of the minimum prescribed by more than 2 years, no compensatory personal pay should be allowed.

This would be a system of decrements on accelerated promotions and would ensure that appropriate reductions from full pay are made only as long as promotion is accelerated, but no longer.

VII. In view of the public criticism of high salaries paid to certain categories of government servants and the need for economy in the prevailing financial conditions, I would be inclined to go a step further and recommend that the rate of compensatory personal pay should in all cases be subject to a maximum. Thus it may be provided that the compensatory personal pay should not, in any case, exceed either 20 per cent of the basic pay or two-third of the pension which would be admissible to such officer if he retired from service on the day on which the reorganisation scheme comes into force.

§ Note:- The object of imposing a limit in this form is to secure that the difference in emoluments between I.C.S. officers and pre-1931 entrant on the one hand and non- I.C.S. and post-1931 entrants on the other is reduced to some extent immediately, and also to secure that the difference is progressively narrowed down in future as officers who are at present holding lower posts are promoted in future years to hold higher posts. If the proposal should be held to be in conflict with the assurances given to the services in some cases, I suggest that the proposal should be explained to the representative associations of the services concerned and they should be persuaded to accept the change.

I shall make it clear that the foregoing proposals relate only to posts of and above the rank of joint secretary and not to lower posts.

IV. BUREAUS AND CENTRAL ADMINISTRATIVE OFFICES

22. I now invite attention to the next most important among the changes which I have proposed. This is to bring together the ministries and departments dealing with economic and social services in four groups which I designate as bureaus, and the establishment as an organisational bond within each of these groups of a central administrative office, in order to perform certain functions in common for all those departments and ministries.

This proposal is essentially complementary to my proposals for increase in the number of departments. In any attempt to reorganise the machinery of government, one is very soon brought up against a dilemma. On the one hand, it is necessary, in order

to promote initiative, define and locate responsibility clearly and generally to improve efficiency, that unwieldy units should be sub-divided and made into units of manageable charge. At the same time, the machinery of government is even, at present, excessive departmentalised from the point of view of co-ordination. Some measure of unification of existing units is necessary, in order to enable them to function in a co-ordinated manner. The requirements of efficiency and co-ordination would thus appear to dictate changes in contrary directions. Greater decentralisation is called for, for one purpose; greater centralisation for another. The correct answer is by no means easy to find. I have carefully considered a number of different suggestions which have been made to me from different points of view, and my final proposals are based on a balanced view of all the requirements.

23. Broadly, I believe, the answer to the problem of co-ordination consists of two parts. First, we should develop and establish on a permanent basis the recently growing practice of delegation of functions by the Cabinet to Cabinet committees. The reorganised set-up should provide permanently for standing committees of Cabinet invested with the authority of the Cabinet over defined fields, with appropriate strengthening of the secretariat and other organs of these committees. The second part of the answer is to bring together allied departments in a relatively small number of stable groups and the provision of machinery within such groups for purpose mainly of financial and administrative co-ordination, and incidentally for bringing about a substantial measure of preliminary integration of policies and plans. In other words, we have to organise co-ordination on a decentralised basis, through the establishment of such groups. In view of the importance I attach to this proposal, I shall describe, at some length, the advantages which, I believe, can be secured from the system of grouping which I have proposed.

24. Any central agency which is charged with the duty of co-ordination (which includes the centralised provision of common services) will certainly find its work easier if it had to deal with a relatively small number of units instead of 26 departments. This proposition is true whether one considers the task of the Cabinet in relation to co-ordination of general policy; or of important particular standing committees of Cabinet (for example the Economic Committee of Cabinet) in dealing with the integration of policies and plans in particular fields and in maintaining an effective review of progress and follow-up decisions taken at Cabinet or Cabinet committee level. It is again true from the point of view of facilitating the performance of the co-ordinative functions vested in the ministry of finance in the field of public expenditure, in the ministry of home affairs in the field of organisation and control of the public services, and of other ministry which provide central supply of materials, accommodation, and other facilities to all ministries. The more rational the grouping and the closer the relations between the subjects which are grouped, the easier will be the task of central co-ordinating agencies.

25. We should not limit our attention to the field of policy and planning all the time. Co-ordination in this field is, of course, extremely important. But hardly less important are the advantages of co-ordination at lower levels. Thus, the need for improvement in the machinery and procedure for governing financial sanctions and budget control and expenditure is universally accepted. This indeed is the refrain of every proposal for reform in the past by every previous investigator in the field of improvement of organisation. What we need is the extension, systematisation and permanent establishment of a financial advisory organisation of the type which has been operating for a long time in the ministry of defence and which has been extended to some extent to other organisations during

and since the war. If we continue to have too many separate units, each of which deals with a relatively small volume of financial transactions, it would not be possible to allocate to it an officer of sufficient seniority and experience whom can be entrusted with the requisite degree of delegated authority. A financial adviser to whom necessary authority is not delegated would be useless. Equally useless would be a financial advisory organisation which is not located in close physical proximity to the administrative organisations which it is intended to serve, and is not linked with it on a practically permanent basis. These conditions are essential for the development among the staff of the financial advisory organisation of specialised knowledge of the day-to day problems of the administrative organisations concerned which is the sine qua non of successful financial co-ordination.

26. It is hardly likely that there can be much dispute about the need for, or utility of, grouping for such a purposes. Not so obvious but hardly less important are the advantages of grouping, in order to secure what may be described as administrative co-ordination.

I use the term administrative co-ordination in a broad sense so as to include not merely "co-ordination" strictly so called, but the maintenance of common services essential for efficiency. The functions in view include the following: ensuring compliance with the Rules of Business as well as the punctual and exact fulfilment of Cabinet orders; ensuring the maintenance of efficient personnel administration; maintenance of parliamentary relations and provision of suitable secretariat assistance for meetings of the standing advisory committees, all-India conferences, etc.; preparation of periodical reports for submission to Cabinet committees; standing advisory committees and Parliament; ensuring due observance of the provisions of a manual of instructions to be compiled, this including a system (to be organised) of regular personal inspection of the prescribed records and

registers; and general improvement in various methods of transaction of business so as to promote efficiency and economy.

27. I am aware that the matters referred to are parts of the present system of routine administration in every ministry and most (though not all) of them are supposed to be attended to at present by staff located in each ministry. But this work is simply not done or is very inefficiently done. The great increase that has taken place in the number of untrained and inexperienced staff in all grades has further invested this "routine" with very great importance and special steps have to be taken to ensure that they are efficiently handled. If we had sufficiently large organisations to deal with, it would be possible to detail a specially selected and experienced officer who would devote his entire time and undivided attention to these matters of routine on which the co-ordination and efficient functioning of the organisation so largely depends. The staff set apart for the purpose would gain valuable experience and specialised knowledge and would, therefore, be in a position to perform the required routine services more efficiently and more systematically than at present. I am, therefore, of the view that all functions of routine administration including those performed in central registries and cash sections in secretariat offices may be organised with improved efficiency and economy of personnel, only on the basis of grouping.

28. For the reasons mentioned in paragraphs 24-27 above, I feel that the 4 bureaus I have proposed are necessary. I shall define a bureau as a number of inter-related ministries (and departments) dealing with economic and social services which have been grouped together for purposes of securing co-ordination of policy and planning, the establishment of a common financial advisory organisation and a common central administrative office for the efficient performance of common services.

29. Central Administrative Office. -- I have already enumerated (vide paragraphs 26-27) the functions of a central administrative office. Briefly, a central administrative office means an organisation established in a ministry or under a bureau for the performance of functions of a common house-keeping nature, e.g., central registry; general and establishment work, including cash and budget; administrative co-ordination, cabinet and parliamentary relations, office inspection, organisation and methods, and the like. It will, ordinarily, have the status of a departmental wing or a secretariat division according to requirements. Its administrative relation to each individual department in the ministry or bureau will be regulated as if it were a wing or a division (as the case may be) located within such department.

30. I have proposed only four bureaus, which are limited to ministries and departments dealing with economic and social services. This is because it is necessary to retain not only the departments but the ministries also in sufficiently small units and yet bring about a grouping of such ministries for common purposes. The same problem does not exist in respect of the ministry of finance, the ministry of external affairs, the ministry of home affairs and the ministry of defence. These four ministries will each have a central administrative office performing exactly the same functions as those proposed for the offices attached to the bureaus. These will continue to be unitary minister's charges though three of them will be subdivided into 9 separate departments. I have not proposed any change in respect of the ministry of law because of its specialised character or in the ministries of states and rehabilitation, because the one will in due course cease to exist as a separate ministry, its work being merged in one or more of the other ministries; and the other will disappear when its temporary task is fulfilled.

V. COUNCIL OF MINISTERS AND CABINET ORGANISATION

31. Categories of Ministers -- There are at present twenty ministers of whom fourteen are Cabinet Ministers, four are Ministers of State and two are Deputy Ministers.

There appears to be, some doubt whether Deputy Ministers and Ministers of State are, technically, members of the Council of Ministers. It is necessary that this doubt should be removed, because when the new constitution comes into force, such appointments, unless made to the Council of Ministers, will entail disqualification to sit in Parliament, unless specially exempted by statute. The position in U.K. is that junior ministers are not ministers in the strict sense of the term. In the strict legal sense, they are holders of offices of profit under the Crown specially exempted by statute from disqualification for a seat in Parliament. I do not think, however, that it is necessary to import this complication in our organisation. I think that Deputy Ministers and Ministers of State should be members of the Council of Ministers, but not members of the Cabinet. Any doubt on this point should be removed by appropriate provision in the Rules of Business and formalities of appointment.

32. Functional Distinction.-- The functions and responsibilities of Cabinet Ministers are well-known and need not be recapitulated. A Minister of State who is incharge of a ministry at present performs the same functions and exercises the same powers as a Minister of Cabinet rank. He is not a member of the Cabinet, and attends meetings of the Cabinet only when specially invited to do so, In connection with the subject for which he is responsible. There are two Ministers of State who are not incharge of ministries as such. Deputy Ministers are not incharge of ministries. They are attached to individual Cabinet Ministers and perform such functions as may be assigned to them by those ministers.

I think it is desirable that the distinguishing line between Deputy Ministers and Ministers of State should be drawn somewhat differently. I would limit the functions of Deputy Ministers to those formerly proposed for parliamentary secretaries. They should not have specific administrative responsibility for the conduct of business of any department, but should be given the fullest opportunities to acquaint themselves with the organisation and methods of administration and to train themselves for the eventual exercise of administrative responsibility upon appointment as Ministers of State. Their duties, normally, should be:-

- i) to answer questions in Parliament on behalf of the ministers concerned, and assist in piloting bills;
- ii) to explain policies and programmes to the general public and the constituencies, and maintain liaison with members of Parliament, political parties and the press;
- and iii) to undertake special study or investigation of particular problems which may be entrusted to them by the ministers concerned.

Special care should be taken to guard against friction or conflict of authority between the Deputy Ministers and the heads of departments.

A Minister of State should be distinguished from a Deputy Minister in that he should have specific administrative responsibility. Such administrative responsibility may take one of three forms. He may be placed in independent charge of a ministry in which case he will stand in the same relation to it as a Cabinet Minister, but one of the Cabinet Ministers will be entrusted with the duty of representing that ministry generally in the Cabinet while the Minister of State will be called into consultation when any specific issues concerning his ministry are to be discussed. Secondly, he may be placed in charge of a department included in the portfolio of a Cabinet Minister in which case he will perform all the functions and exercise all the powers of a Cabinet Minister in relation to

that department subject, however, to the general responsibility of a Cabinet Minister and under his general supervision and guidance. Thirdly, he may generally assist a Cabinet Minister and in doing so be placed also in charge of specific items of the work in his portfolio. In relation to such items, he will exercise all the powers of the Cabinet Minister subject to such limitations as may be prescribed by the Cabinet Minister who will have overriding responsibility.

I recommend that the permanent retention of three categories of ministers with functions and powers as thus defined should be authorised and provided for in the Rules of Business. I have used existing designations to indicate the three different categories required. While I feel that Deputy Minister is preferable to Parliamentary Secretary, I am not equally sure that Minister of State is a particularly suitable description of the intermediate category. I am, however, unable at present to suggest a better designation.

35. Number of Ministers. -- I do not think it is possible to lay down a rigid formula defining the number of Ministers likely to be required in each of the three categories. It is, however, desirable that certain broad criteria should be laid down.

- 1) **Cabinet Ministers.** A great deal depends, of course, on the careful choice of Cabinet Ministers. Under the scheme of reorganisation now proposed, it will be necessary that many of them would have to undertake responsibility for co-ordination as members of Cabinet committees and also to exercise supervision and guidance over Ministers of State. I do not, therefore, visualise any increase in the present number of Cabinet Ministers and my proposals leave room for reduction if this can be effected conveniently. The minimum requirements are one Cabinet Minister for each of the four bureaux, one Cabinet Minister for each of the four major ministries not included in these bureaux (viz., Home affairs, external affairs, defence and finance) and three or four others, having regard to the requirements of direction of business of the Cabinet, the Cabinet Committees and the leadership of the two Houses of Parliament.
- ii) **Ministers of State.** -- An increase in the number of Ministers of State is clearly necessary. The number required will not be limited so much by the availability of departments which may be allotted to their

charge as by the availability of members of Parliament of sufficient public standing who might be selected by the Prime Minister in the confident expectation that they would in due course rise to the rank of Cabinet Ministers after gaining experience. As I have explained already, I visualise Ministers of State would normally function subject to the supervision of Cabinet Ministers, though I do not altogether rule out the possibility of one or more of the Ministers of State being put in independent charge of a specific portfolio of a minor character.

iii) Deputy Ministers. --The Deputy Ministers are, as I have explained, to be regarded as Ministers undergoing a period of training preparatory to their assumption of responsibility as Ministers of State. Having regard to the functions they would have to perform, the ministries dealing with economic and social services and included within the four bureaux are, in my opinion, best suited for providing the necessary experienced for them.

iv) Portfolios. The Basic Plan provides for 20 ministries. This does not mean that each Ministry should always remain an independent portfolio. In fact, it would be an advantage to combine more than one ministry within the portfolio of one Cabinet Minister in a number of cases. It would also be an advantage to combine such an arrangement with the provision of assistance to the Cabinet Minister concerned through a Minister of State, and even in exceptional cases into a single ministry is to leave room for the necessary degree of flexibility in the allocation of portfolios.

In the light of this general explanation of the proposed arrangement, I would recommend the adoption of a normal working rule to the effect that the total number of Cabinet Ministers and Ministers of State should not ordinarily fall short of the total number of ministries and should not ordinarily exceed the total number of departments.

34. Committees of Cabinet. The Cabinet is the supreme organ of co-ordination. In view of the growth in the volume and complexity of government business, and in view also of the increase in the size of the Cabinet (which must necessarily be accepted as a permanent feature), it is essential that there should be a proper division of labour, and effective delegation within the Cabinet. Committees of Cabinet are necessary in order to perform functions devolved on them by the Cabinet. This need is widely accepted in principle, and

is also in accord with actual development in recent years. All that is now necessary is to recognise the position, and rationalize and establish on a permanent basis, the system of delegations which is growing up.

35. Standing Committees and Ad Hoc Committees.-- At present no distinction is drawn between those committees of Cabinet which must be regarded as part of the permanent machinery of Government, and others which are created for meeting temporary needs. It is necessary to make this distinction clear in order to secure the following purposes:-

First. -- Appropriate secretariat and/or sub-committee organisation may be provided for on a permanent basis, procedures may be laid down in the Rules of Business and maintained by appropriate machinery prescribed therefore; and the committees may be enabled (through continuous contact with the problems arising within the field allotted to them) to develop specialised knowledge and experience of the nature of these problems and the policies and principles adopted in solving them; and

Secondly. -- In order to secure that ad hoc committees are created only if and in so far as they have to deal with matters which cannot be conveniently handled by standing committees and that all necessary special arrangements are made for enabling the committees to perform their temporary functions with speed and efficiency. Such committees should be dissolved and as and when their temporary assignments are concluded. Otherwise, there is danger of ministries and departments getting involved in a multiplicity of committee with overlapping and ill-defined fields of authority.

36. Scope of Authority. One other aspect of the distinction between standing committees and ad hoc committees should be noted. The latter (being temporary) may be created either for purposes of investigation and report to Cabinet, or invested with Cabinet's authority so as to give binding decisions to ministries and departments on matters entrusted to them.

Standing Committees (being permanent) should always have authority to give binding decisions on most of the matters entrusted to them. This should be subject in all cases to-

- a) the systematic communication of the substance of such decision to all members of the Cabinet;
- b) review of such decisions by cabinet at the instance of any member thereof;
- and c) the reference by the standing committee itself to cabinet of matters of importance.

37. I recommend the establishment on a permanent basis of 4 standing committees of Cabinet, namely:-

- i) Defence Committee of Cabinet,
- ii) Economic Committee of Cabinet,
- iii) Administrative Organisation Committee of Cabinet;
- and iv) Parliamentary and Legal Affairs Committee of Cabinet.

I outline below the functions which I have in view for these committees and the composition appropriate to the performance of these functions. It is essential that the responsibility for the direction of the work of each of these committees should be entrusted to a chairman who should be sufficiently free from other responsibilities to be able to devote adequate time and attention to this task. Consistently with this requirement, I am of the opinion that except in the case of the Defence Committee and the Administrative Organisation Committee of both of which the Prime Minister should obviously be the chairman, he should not be saddled with the chairmanship of other committees. The position should, however, be maintained that the Prime Minister would be entitled, whenever he thinks necessary, to attend the and participate in the proceedings of any committee of the Cabinet; and when he does so, he would preside over the meeting of that committee so long as he remains there.

38. Defence Committee of Cabinet. This committee was started in 1947. Its functions and composition are clear and call for no comments. It has an adequate secretariat organisation which is a part of the Cabinet secretariat known as its Military Wing

The personnel of this wing are provided by the ministry of defence. I have no changes to suggest regarding its functions, mode of working or organisation. As regards its composition, its total strength may be limited to five or six; and it should always include the ministers of defence, home affairs, external affairs and finance. The Defence Minister should be the vice-chairman of this Committee.

39. Economic Committee of Cabinet. (1) The main constituent organisations falling within the scope of the authority of the Economic Committee of Cabinet should be five, namely, Bureaus of Natural Resources and Agriculture, Industry and Commerce, Transport and Communications, Labour and Social Services and the Ministry of Finance. It should be the normal rule for all cases emanating from the ministries and departments comprised in these five constituent organisations, which would normally have gone to Cabinet under existing rules, to be presented to the Economic Committee of Cabinet. It should be for that committee to decide whether in any particular case, the matter is of sufficient importance to be referred to Cabinet for decision. Further, all cases which would at present be regarded as falling within the purview of the Priorities Committee of Cabinet or the Resources Committee of Cabinet, should hereafter fall within the purview of the Economic Committee of Cabinet.

11) The Economic Committee of Cabinet should be charged with the responsibility of directing and co-ordinating all governmental activities in the economic field, to the end that the production and supply of food and other essential commodities may be increased; equitable distribution may be maintained, the prices of food and other essential commodities may be reduced and eventually stabilised; and generally to regulate the working of the national economy in the interests of the people. In pursuance of these aims the main activities of the Economic Committee of the Cabinet should be as follows:-

a) Economic Intelligence and Appreciation. - The Economic Committee of Cabinet should lay down the lines on which accurate and complete data covering the entire field of national economy should be systematically compiled by all the agencies of the main constituent organisations under its control. There will be located in the central administrative office of each of the five constituent organisations the necessary staff of economists and statisticians to carry out this task, and there will also be a staff of economists and statisticians located in the secretariat of the Economic Committee of Cabinet itself. Classified intelligence coming through all the four bureaus and the ministry of finance should be consolidated by the central economic and statistical staff of the Economic Committee of Cabinet. An appreciation of the economic situation and developments therein, explaining the significance of such developments should be prepared from the material thus compiled. This should be scrutinised from the administrative point of view by the Committee of Secretaries, to which reference is made below, and placed before the Economic Committee of Cabinet. An authoritative appreciation should, thereafter, be prepared under the order of the Economic Committee of Cabinet, and regularly supplied to the Cabinet and to the main constituent organisations. Once a year and oftener, if necessary, such appreciations should also be made available (in appropriate form) to Parliament and the public.

b) Integration of Economic Policies and Programmes. -- The Economic Committee of Cabinet should be responsible for giving general directives to its main constituent organisations in respect of the objectives to be secured in their respective fields, and the lines on which particular policies should be framed and programme of measures to be undertaken prepared. The working out of detailed policies and programmes should continue to be the responsibility of individual ministries and

departments. They should, however, require the specific approval of the Economic Committee of Cabinet before they are made public or implemented. The Economic Committee of Cabinet should satisfy itself that policies and programmes are consistent with one another and collectively constitute an integrated policy and plan appropriate to the needs of the economic situation according to its appreciation of that situation from time to time.

The foregoing recommendations deal with that part of the planning machinery which constitutes the apex of the entire organisation of planning and development and is located within the framework of government itself. This does not by any means exhaust the whole field of such organisation. An essential part of an adequate planning machinery must consist of an integrated system of economic intelligence, and executive agencies which are in day-to-day contact with the actual economic life of the country and engaged in dealing with current economic problems and are thereby enabled to formulate workable plans and to execute them upon their approval by government. It is also necessary that the planning machinery should include organisational provision by way of a Standing Planning Commission or otherwise for tendering competent advice to the Cabinet and its committees for the maintenance of close consultation and continuous co-operation between the central government and the provincial and state governments. There should also be provision for association of representative organs of agriculture, industry and trade in order to maintain effective liaison between the government, their executive agencies and private enterprise. The proposal for the creation of a planning commission made by the Advisory Planning Board therefore requires consideration in this context. In view of the obvious importance of this subject, I am having a memorandum prepared for separate consideration.

c) Review of Progress. There should be a systematic review of progress periodically. The responsibility for effecting these reviews should be decentralised to five different agencies, namely, in the case of the ministry of finance to the central finance council (the organisation of which has been separately proposed) and in the case of each of the four bureaus to a sub-committee of the Economic Committee of Cabinet consisting of the ministers incharge of different ministries and departments in each bureau.

The annual administration reports to be presented to Parliament of every ministry and department falling within the purview of the Economic Committee of Cabinet, should be scrutinised, in the first instance, by these reviewing organisations mentioned above, and finally by the Economic Committee of Cabinet, in order to ensure that these reports are correct and consistent with the general economic appreciation presented and the directive if any issued by it.

iii) In respect of any matters falling within the purview of the Economic Committee of Cabinet, which is also a matter affecting the defence of the country, the concurrence of the Defence Committee of Cabinet should also be necessary.

In view of what has been stated above, it would be necessary that the Economic Committee of Cabinet should meet as often as the Cabinet is at present meeting normally, that is to say, once a week. A fixed day should be set apart for that purpose.

iv) The Economic Committee of Cabinet consists, at present, of 6 ministers. This, I think, is suitable and may be slightly increased, if necessary. The total strength can be fixed at not less than 6 and not more than 8 ministers. The minister for finance and at least one minister from each of the four bureaus should be on it. The Prime Minister of the day must necessarily retain a considerable measure of discretion in choosing the other ministers for appointment to this committee, and it would, therefore, be desirable to up a convention that the composition of the committee should be reviewed annually.

It is desirable that there should be some elasticity in the chairmanship of the Economic Committee of Cabinet. The chairman may be, as at present, a Cabinet Minister with a specific portfolio; or he might be a Cabinet Minister without Portfolio, and designated as the Minister for Economic Affairs. In any case it is essential that whoever is appointed by the Prime Minister as chairman of this committee should be chosen with reference not only to his special equipment, qualifications and experience but also to his political weight in the country as a whole and to his capacity for carrying provincial and state governments, with him in carrying out the integrated national economic policy decided on by the centre.

v) The Economic Committee of Cabinet should have strong supporting organisation, which may be divided into three parts, namely, standing sub-committees of Cabinet, the Committee of Secretaries, which I would call the Council of Economic Administration and an adequate secretarial staff which may be described as the Economic Wing of the Cabinet Secretariat.

a) Sub-committees of Cabinet. - There should be four sub-committees, one in each of the four bureaux. I have referred to their functions under the head review of progress in sub-paragraph (ii) (c) above. My general aim in proposing this sub-committees is to secure that a habit of close and continuous consultation and mutual understanding of one another's problems is established among all the ministers holding charge of ministries and departments in the same bureau. I am sure that this is the only method by which, under a democratic set-up, the necessary degree of unity of thought and action can be brought about in the field of economic and social services. I would not attempt to define the functions of these sub-committees more precisely, because I hold that they should grow naturally in response to actual needs and the general guidance of the Economic Committee of Cabinet.

At present not enough use is being made of the weekly summaries submitted by departments for the information of the Cabinet. It is desirable that a system should be developed of the weekly progress of business relating to departments of a bureau being considered and reviewed by the ministers constituting the sub-committee of the Cabinet, with the secretaries of all the departments present. This would enable each secretary to know what is happening in other departments in the same group. (Copies of such progress reports may continue to be circulated to other Cabinet Ministers and sent to the Cabinet Secretary for information. They need not be placed before Cabinet). It is desirable to go further and secure that the secretaries of departments in each bureau should be recognised as collectively constituting a committee of co-ordination for the departments in that bureau. They should function immediately below the sub-committee of Cabinet concerned and above the central administrative office of the bureau.

b) Council of Economic Administration.- An informal practice has already grown up for the secretaries of all the ministries concerned to meet together at more or less regular intervals, in order to discuss common problems and matters coming up before the Economic Committee of Cabinet. This is a healthy development and should be given formal recognition. There should be a committee of secretaries charged with the duty of advising and assisting the Economic Committee of Cabinet in fulfilling its functions. I have described this body as a Council of Economic Administration, in order to emphasise the fact that its functions are purely advisory, and also that it is concerned with actual administration in the economic field and not with economic theories or ideologies. The composition of this council should follow the same pattern as the Economic Committee of Cabinet; that is to say, it might consist of 6 to 8 secretaries chosen and appointed by the Economic Committee of Cabinet. At

At least one secretary chosen from each bureau should be on it. In a detailed scheme of organisation prepared for the ministry of finance, I have recommended the creation, within that ministry, of a central finance council and the appointment of the chief financial adviser to the Government of India as the chairman of that council. I think it would be appropriate for this officer to be also the representative of the ministry of finance, and also chairman of the Council of Economic Administration.

c) Economic Wing. The existing secretariat organization is attached to the ministry of finance. In view of the fact that the work of the Economic Committee of Cabinet will represent a very important part of the work of the Cabinet as a whole, I think this organisation should be regarded as the Economic Wing of the cabinet secretariat, in much the same way as the Military Wing at present. This would not, however, preclude the combination of the post of secretary with that of one of the joint secretaries in the ministry of finance, if and so long as the volume of work involved permits this being done without detriment to efficiency. as indicated in sub-paragraph (11) (a) above, it will be necessary to locate in this organisation a small staff of economists and statisticians also. The details of the arrangements required in this respect will have to be considered when detailed schemes of reorganisation are prepared for individual ministries, departments and the cabinet secretariat.

40. Administrative Organisation Committee of Cabinet. I have already explained in paragraph 7 of this Report that the process of reorganisation in its widest sense consists in the framing and implementation of all measures directed simultaneously to three broad purposes, namely, making organisational changes in the existing set-up of the machinery of government; bringing about improvements in the sphere of personnel administration,

designed to secure progressive improvement at all levels, in the calibre of personnel employed; and finally improvements in the methods of transaction of governmental business (administrative and financial). When Cabinet passes orders on this report, it would have defined the general framework of the machinery of government and given its approval to the broad principles of the changes to be brought about in internal organisation. I shall explain in the next section, that some of these changes will have to be embodied in a series of detailed schemes of reorganisation, and that others will have to be attended to, more or less, continuously over an extended period in the future. I think it would be convenient for Cabinet to devolve its functions regarding the approval of detailed schemes and the supervision of implementation and the resolution of differences of opinion which might arise from time to time within the ministries concerned, to a committee set up for this purpose. Hence, the proposal that there should be an Administrative Organisation Committee of Cabinet, charged with the general duty of performing the functions of Cabinet in respect of all measures designed to secure economy and improved efficiency in the administrative organisation of government as a whole.

There is one important function, within the field thus defined, which requires special mention, namely, to ensure the regularity and appropriateness of all appointments to be made by Government. In so far as appointments are to be made on the advice of the Federal Public Service Commission, a convention exists regarding the acceptance of such advice, save in exceptional circumstances; and Cabinet has recently decided that departure from the advice tendered by the Commission should not be made on the responsibility of one individual minister only. It has been laid down that in such cases decisions should be taken with the prior approval of a committee of Cabinet set up for the purpose. This is a very

important decision and permanent provision should exist for its implementation, I am also of the opinion that the principle underlying this decision should be extended to other administrative appointments which (being of the nature of postings, promotions or transfers within organised services) would not require consultation with the Commission. In these cases appointments are made in consultation with a committee of secretaries which is at present called the Selection Board. I think it is necessary to provide that (as in the case of consultation with the Federal Public Service Commission) appointments, if any, proposed to be made otherwise than in accordance with the advice of such a body should have the prior approval of the same committee of Cabinet, viz., the Administrative Organisation Committee of Cabinet which I have proposed.

As regards the composition of this committee, I recommend that it should consist, in addition to the Prime Minister who will be ex-officio chairman, of the Home Minister who should be its vice-chairman, and one other minister to be nominated by the Prime Minister annually. The Rules of Business should provide that when the committee is engaged in the consideration of any specific question affecting an individual ministry, it should be deemed to include the minister administratively concerned with the question.

I do not expect that the volume of work requiring the attention of this committee would necessitate its meeting at regular intervals. It need only meet as and when necessary and might even transact its business by circulation of papers. In those circumstances, the most convenient arrangement would be for the home (services) department in the ministry of home affairs to serve also as the secretariat of this committee.

41. Parliamentary and Legal Affairs Committee of Cabinet. The proper organisation of relations between Parliament on the one hand, and the various ministries and departments of government on the other, is extremely important, from the point of view of the efficient working of the machinery of government. This consideration will become increasingly prominent under the new constitution, with a bicameral Parliament with the lower house constituted on the basis of adult franchise. It is desirable that Cabinet should delegate over-all responsibility to a small standing committee of Cabinet, specialising in this task. A committee constituted primarily for this purpose can conveniently handle certain other types of business also. Hence the proposal to constitute a Parliamentary and Legal Affairs Committee of Cabinet. The functions of this committee may be defined as follows:-

- i) To scrutinise and approve all bills and resolutions to be presented to Parliament on behalf of any ministry or department.
- ii) To watch the progress of government business in Parliament and give such direction as may be necessary from time to time, in order to secure smooth and efficient conduct of such business.
- iii) To maintain a review, from an all-India point of view, of legislation undertaken by state legislatures.
- iv) To scrutinise and approve recommendations for high judicial appointments.
- and v) to authorise proposals for withdrawal of proceedings instituted by government and pending before courts of law or any judicial or quasi-judicial authority.

As regards the composition of the committee, I think it should consist of not more than five ministers and should include the two ministers who will be leaders of the two houses of Parliament, the minister of home affairs and the minister of law. One of the two leaders of the houses of Parliament (other than the Prime Minister) should be the vice-chairman of this committee. The secretariat functions necessary for this committee should be performed by the law department.

42. Ad Hoc Committees of Cabinet. -- Apart from the standing committees, the need would continue to exist for ad hoc committees of Cabinet. The Rehabilitation Committee of Cabinet which is at present functioning is a good instance of such a committee and is accordingly shown in the pictorial chart outlining the Basic Plan. The functions, composition and organisation of such committees will naturally have to be decided from time to time with reference to the circumstances of each case.

43. Cabinet Ministers Without Portfolio.-- One of the useful methods of strengthening the Cabinet organisation would be the provision of a Cabinet Minister without Portfolio, and where necessary more than one. The holder of such an office can be of special assistance to the Prime Minister and to the Cabinet in the maintenance of general co-ordination of the machinery of government and the efficient functioning of the standing committees as well as ad hoc committees of Cabinet. It would also be possible to entrust such a minister with special duties of high importance which require to be handled on an ad hoc supra departmental basis. Such an office may also have to be maintained in order to secure the services of an elder statesman who may be for one reason or another precluded from undertaking day-to-day administrative responsibilities but whose ripe wisdom might be indispensable and whose support might be a valuable source of political strength of government.

44. Cabinet Secretariat and Cabinet Secretary. The cabinet secretariat, at present, performs certain limited functions, as an office of record for the Cabinet as a whole. It includes, as already mentioned, a military wing which serves as the secretariat of the Defence Committee of Cabinet. Earlier in this section, I have indicated the manner in which it should be strengthened, in order to serve the purposes of the Economic Committee of Cabinet. Apart from this, no material changes in the organisation of the secretariat are called for.

The status and functions of the cabinet secretary should be clearly understood. He should be an administrative officer of the highest rank selected for the office for his special qualities of tact, energy, initiative and efficiency; and he should be entrusted, as head of the cabinet secretariat, with the positive function of securing co-ordination as well as timely and effective action by all departments of the government of India in all matters in which the Cabinet as a whole or the Prime Minister is interested. He should be a person commanding the respect and confidence of all ranks of the permanent services. It will be clear from the general trend of my report that I seek to bring about greater co-ordination not through the highly centralised initiative and enterprise of any one officer or committee but by suitable modifications in the structure of the organisation so as to secure co-ordination at appropriate levels on a decentralised basis. In the implementation of such an objective, there is need for a senior officer of ripe experience to be placed at the head of the cabinet secretariat. The following description of the position in U.K. represents very nearly what I have in mind.

"The cabinet secretariat is under a cabinet secretary. He is a very senior civil servant. He is almost the pivot of the Cabinet system. From the account of his relationship with permanent officials, it would appear that he is a sort of adviser and conscience-keeper to all the permanent officials. They come to him for advice and guidance whenever there are inter-departmental difficulties. He seems to be a man in whom all permanent officials have great confidence.....".

I think this provides sufficient guidance for defining the status and functions of the post of cabinet secretary for our purpose also. While not laying on the cabinet secretary any specific functions which would impair the initiative and responsibility of heads of departments, I think it would be desirable to establish the convention that he should be a sufficiently senior officer so as to command the confidence and

respect of all heads of departments. I would further recommend that he should be ex-officio President of the Committee of Secretaries set up to advise the Prime Minister and other ministers on selections for administrative appointments. His status in the service should be such as to entitle him to be regarded as the first member of the public services under the control of the central government, and one in whose judgment and impartiality the government, as well as the services, could rely implicitly.

Recently a practice has grown up of the secretaries of the government of India meeting together for informal exchange of views and information. This is a desirable development and should be recognised as such. When matters arise in which consultation between secretaries is considered desirable, the Cabinet secretary should convene a meeting of senior secretaries or secretaries, grade I, and such others as he might think would be useful for discussing the particular matter.

VI-- REORGANISATION MACHINERY AND PROCEDURE.

45. I have now completed my description of the change in the general framework of the machinery of government involved in the Basic Plan of reorganisation. I have also indicated the essential principles which should govern the changes to be made in the internal organisation of ministries and departments. A summary of my conclusions and recommendations is attached to this Report. I recommend that Cabinet's approval may be accorded to the conclusions and recommendations as summarised.

46. The approval of the Basic Plan would mark, not the end but, the beginning of the process of reorganisation. The nature and scope of this process in its fullest sense have already been explained in the introductory section of this Report. The work that will have to be undertaken may be briefly described under the following heads:-

- i) Establishment (Organisation) Schemes,
- ii) Services (Organisation) Schemes,
- iii) Rules of Business,
- iv) Manual of Office Procedure.
- v) Civil Service Act and Regulations,
- and vi) Financial Rules and Regulations.

47. Establishment (Organisation) Schemes. -- It is necessary to work out the detailed lay-out of individual ministries and departments, central administrative offices and the cabinet secretariat as parts of the general framework approved by the Cabinet. Two such schemes have already been prepared -- one for the ministry of finance and one for the ministry of external affairs. The net result of these schemes in terms of personnel is indicated in the statement below:-

MINISTRY OF EXTERNAL AFFAIRS

	Jt. Secy. & above.	Dy. Secy.	Under Secy.	S.O. Asstts.	Clerk S.	
I. Strength at the time of the appointment of Economy Committee.	7	7	25	39	244	206
II. Strength proposed by the Economy Committee	6	8	14	31	182	129
III. Present strength.....	7	9	28	44	268	240
IV. Strength proposed by the Ministry in April, 1949.	9	13	27	41	248	198
V. Reorganisation secretariat proposals.	P.5 S.P.1 T... Total	10 10	19 1 .. 20	40 6 1 47	198 28 5 231	172 29 2 203

MINISTRY OF FINANCE

I. Strength last year	14	24	40	74	290	335
II. Strength proposed by the Economy Committee.	12	19	41	68	290	309
III. Present strength	14	24	44	78	332	355
IV. Reorganisation Secretariat proposals.	P.9 S.P.2 T... Total	16 2 2 20	33 6 1 40	57 7 8 69	229 39 15 283	250 34 15 300

Copies of these schemes have been forwarded to the ministries concerned and their comments have been invited. Similar schemes are in course of preparation and will be forwarded in due course to the ministries concerned for their comments. When these comments are received, it is possible that there might be disagreement on the adequacy or suitability of some of the proposals made and there must be a method of resolving such disagreement.

To this end, I propose that the Administrative Organisation Committee of Cabinet may be set up forthwith, and authority may be conferred on it to give binding decisions on all points of disagreement.

48. Services (Organisation) Schemes. -- Detailed schemes of reorganisation are of two kinds. The first category referred to above as establishment (organisation) schemes is concerned with defining the numbers and grades of posts, their mutual relationship and the distribution of Functions among them. Having thus secured a rational lay-out of posts, it would be necessary to ensure that personnel of the right calibre in the requisite number would always be forthcoming in order to man such posts. Services (organisation) schemes are schemes designed to secure this purpose. A typical instance of such a scheme is the Central Secretariat Service (Reorganisation & Reinforcement) Scheme, which was formulated by the ministry of home affairs and approved by Cabinet. That scheme is in process of implementation. When it is complete, it will provide initial staffing and permanent maintenance of three stages in the secretariat hierarchy, namely, assistant, section officer and under secretary.

Another scheme for the constitution of a central cadre of the Indian Administrative Service has been recently formulated which is intended to make permanent provision for the staffing of posts in the higher stages of the secretariat hierarchy, namely, deputy secretary, joint secretary and secretary. These two schemes will complete the necessary arrangements for staffing all the administrative posts, supervisory-clerical posts, and the highest

grade of non-supervisory clerical posts in the machinery of government.

All these schemes involve a common principle, viz., the grouping together of posts of a like nature, in order to enable forward planning of man-power requirements being made on a standardised pattern. The need for forward planning on a long-term basis is imperative; because the officer who is to be, say, a deputy secretary to the Government of India 8 to 10 years hence should be very carefully chosen and appointed to the juniormost among administrative grades today, and put through a course of training and experience in other posts specially designed to fit him eventually for the most responsible posts. The same applies to other categories of posts also. The rationalisation of the processes of recruitment, training, postings, transfers and promotions and uniformity of conditions of service brought about by such schemes is necessary, not only in order to assure the availability to government of public servants in requisite number at all levels of the public service, but also in order to provide those who enter the permanent public service with a career offering the necessary security of tenure, pay and prospects. Only thus can public services be organised on an economical as well as efficient basis.

The validity of these principles of organisation is not limited to posts in the central secretariat. It would be necessary to undertake a review and, wherever necessary, the revision of the organisation of various field services which are required for manning posts in attached and subordinate offices with a view to limiting the number of isolated posts, manned on an ad hoc basis to the irreducible minimum. This, again, should go hand in hand with the formulation of establishment (organisations) schemes for attached offices and groups of subordinate offices with which are related to them.

Thus the process of bringing about necessary changes in organisation (both of the lay-out of establishments, as well as of services) will not be completed when the secretariat is reorganised. It should be regarded as a continuing process over an extended period in the future. As I shall indicate presently, this would be a matter for the ministry of home affairs.

49. Rules of Business. Rules of Business are necessary, in order to provide for the more convenient transaction of the business of government and for the allocation of this business among ministers. They will prescribe the scope of functions, powers and responsibilities of the different categories of ministers and heads of departments. They should also define the principles and procedure to be followed in relation to the working of the Cabinet Cabinet committees and sub-committees. Rules of Business already exist, but they are out of date and will require extensive revision in the light of the new constitution and the reorganisation now proposed. The work can be taken in hand only after Cabinet orders on the Basic Plan are passed.

I am taking in hand the formulation of the main principles relating to the work of the Cabinet and ministers, and ministers inter se with special reference to individual and collective responsibility, as well as the relationship of ministers to heads of departments, and I hope to present them to Cabinet for acceptance before the detailed drafting of Rules of Business is undertaken.

I may mention here a point which might appear to be a matter of mere detail, but is nevertheless extremely important. It is essential that there should be an orderly procedure for the deliberations and decisions of the Cabinet. The Rules of Business should, therefore, make provision regarding the time which should be allowed for study of papers by ministers before matters are taken up in Cabinet. This does not, of course, mean that nothing should be mentioned in Cabinet without notice or that exchange of

information should not take place. I refer rather to what may be called operative decisions of the Cabinet on matters other than routine or other than subjects which cannot wait. These should not be taken on subjects introduced merely by way of verbal mention and without compliance with the normal procedure designed to ensure adequate prior consideration by Ministers before attending the Cabinet.

50. Manual of Office Procedure.-- The existing Secretariat Instructions are wholly out of date and require complete revision, in order that they may be used as a Manual of Office Procedure. The necessary material has already been collected and put in the form of a tentative draft, but it requires to be revised and recast in the light of the Basic Plan. The manual should provide for detailed instructions in regard to every aspect of organisation and methods of work in secretariat offices. It should give a brief description of the organisation of the machinery of government, its various component parts and their inter-relations and provide detailed instructions for each of the different grades of officers and staff, describing what their duties and responsibilities are; and drawing their attention prominently to essential aspects of their work which they should always bear in mind and the typical errors which they should avoid. The manual should also contain effective provision for two important matters, which have been more or less neglected in the past. One is provision for the maintenance of records and registers on a uniform basis, and the systematic periodical inspection of such records and registers. Another is the institution of effective arrangements for the practical training in offices of new entrants, correlated to instructions to be given to them in a Central Training School. I attach considerable importance to the preparation of a comprehensive Manual of office Procedure, which should serve as an authoritative book of reference for all officers and staff in the Government of India, and also be used as a text book for trainees in the

Secretariat Training School. It should also be the basis for the departmental test to be prescribed under the Central Secretariat Service (Re-organisation and Reinforcement) Scheme.

51. Civil Service Act and Regulations. There are at present numerous rules and regulations governing the recruitment, training, postings, promotions, transfers, regulation of conduct and discipline, leave, pay, pension and other service conditions of government servants. It is very desirable that these regulations should be reviewed, adapted to conditions under the new constitution, recast as much as possible in an easily intelligible form, and consolidated in a self-contained code of civil service regulations. This is especially necessary in view of the large increase in establishment which has taken place. The new constitution will provide for legislation by Parliament for regulation of these matters in respect of all-India services and the central services. An act of Parliament would necessarily be limited to the more important and fundamental provisions. I think it is essential that as soon as practicable after the commencement of the new constitution, steps should be taken to get a Civil Service Act passed. The code of civil service regulations, which I have suggested, should be promulgated under authority conferred by that Act. I have no doubt that these measures would not only promote efficiency, contentment and sense of security among the services, but also create and foster those healthy relations which ought always to subsist between Parliament, the political executive, and the permanent public services in a democratic state.

52. Organisation and Methods -- Machinery. -- I have now completed my description of the work that lies ahead and have drawn attention to the fact that there is a whole series of inter-related measures requiring to be taken in hand, in order that organisation and methods of administration may be improved; and a progressively increasing standard of efficiency attained.

These measures will take time to formulate and implement. A good many schemes must be based on tentative decisions. A careful watch should be maintained over the implementation of schemes, and changes dictated by experience will have to be made. The problems which face government are not static, they are likely to change much more rapidly than in the past, and corresponding changes will have to be made in organisation and methods of administration.

It is, therefore, essential that responsibility should be fixed not only for undertaking the immediate task of reorganisation but also for the continued maintenance of efficiency, in the organisation of the public establishments and public services and methods of transaction of public business.

I make the following proposals:-

First. -- The Reorganisation Secretariat (at present working under my control) should complete the preparation of detailed establishment organisation schemes for the internal organisation of ministries, departments, central administrative offices, and the cabinet secretariat. Preliminary work has already been taken in hand. As soon as the scheme for each ministry or bureau or other organisation is prepared, it should be forwarded to the ministry or ministries concerned for comments, and after such comments are received and considered, the case should be submitted to the Administrative Organisation Committee of Cabinet for final orders. The secretariat establishments should be reorganised in accordance with these orders.

Secondly. -- When this process is completed, the responsibility for securing all other measures visualised in paragraph 46 to 51 above should be vested in the home (services) department of the ministry of home affairs. Provision should be made in the organisation of this department for an "Organisation and Methods Division" in which the present functions of the Reorganisation Secretariat should be merged.

A word of explanation is necessary in respect of the latter proposal, viz., to locate general responsibility for Organisation and Methods in the home (services) department. In U.K. a similar organisation is located in the Treasury, and it works through officers known as "Establishment and Organisation Officers" who form part of the establishment of the different ministries and departments. There is also a similar unit in the United States called the Administrative Management Division of the Office of the Budget which is located in the President's Office. The Treasury in U.K. corresponds to our ministry of finance, and the President's office in U.S.A. to our cabinet secretariat. My proposal is broadly similar to the position in U.K. in that responsibility will be located in Organisation and Methods Division of the home (services) department; working through the officers in-charge of the central administrative offices of the ministries and bureaus. It will also reproduce the effect of the location adopted in U.S.A. inasmuch as the work involved will fall within the purview of the Administrative Organisation Committee of Cabinet, for which the home (services) department will serve as the secretariat. I have not, however, suggested the location of responsibility in the Cabinet secretariat or ministry of finance because of the need for adapting our organisation to our own conditions. For historical reasons, the functions of the U.K. Treasury have always extended beyond those of our ministry of finance and included part of what has all along been handled here by our ministry of home affairs. It is not possible to separate questions relating to organisation of establishments from those relating to organisation of services. It is not possible to dissociate questions relating to organisation of the services at the centre from those relating to all-India services. Hence my conclusion that responsibility should be located in the home (services) department of the ministry of home affairs. The functions of that Department must continue

to be (as they hitherto have been) of a co-ordinating nature. Immediate responsibility for the administration of the establishment and services under the control of each ministry must continue to be vested in such ministry, and discharged through the officer-in-charge of the central administrative office. The home (services) department should be responsible for such action as is required to be taken centrally on behalf of all ministries and departments; for framing schemes, rules and regulations which (on approval by the Administrative Organisation Committee of Cabinet) would be binding on all ministries and departments; and maintaining continuous review of the working of these schemes, rules and regulations.

VII. ORGANISATION AND METHODS OF FINANCIAL CONTROL

53. I have now completed my description of the measures necessary for the improvement of administrative organisation and methods and the machinery and procedure required for implementing these measures. This report will not be complete without a reference to the connected problems of organisation and methods of financial control.

Among some of the ministries responsible for the development of economic and social services, the view is strongly held that the present position in this respect is extremely defective. Briefly, the complaint is: the ministry of finance is unwieldy; there is far too much centralisation; it concerns itself not merely with the general financial policy of the government or the main heads of public expenditure but also every detail in the administrative execution of proposals for which the need has been accepted by government as well as in many cases by the legislature; this entails considerable delays in obtaining sanction; too often the ministry of finance proceeds to examine the technical aspects of schemes, for which purpose it is not adequately staffed; even the usefulness of financial advisers has been largely reduced by requiring that they should refer certain types of cases

(not always of major importance) to the ministry of finance in the ordinary branch. The present system is slow, elaborate and expensive, and requires to be improved so as to increase the responsibilities of individual ministries, and remove the sense of frustration prevailing among them.

54. This complaint is now new. The Tottenham Report drew attention to it and cited the views held on this subject by previous finance members of the Government of India. The following passage representing the views of Sir James Grigg (relating as it does to the practice in the U.K. Treasury) is instructive, because our system is also based on U.K. practice.

"There is Treasury Financial Control, which rests in the last analysis on the Parliamentary procedure of supply and appropriation and subsequent audit of expenditure by the Comptrollers and Auditor-General and the Public Accounts Committee. All of this is extremely complex and meticulous. From Gladstonian times we have inherited the habit of requiring specific Treasury authority for many of the detailed expenditure even after the general policy has been accepted by it and by Parliament. The doctrine 'Take care of the pence and the pounds will take care of themselves' still prevails.

"Whatever may have been its efficacy in Mr. Gladstone's time it pretty certainly ceased to have any potency, when Mr. Lloyd George arrived at the Treasury. In fact, it seems to have transmogrified itself in practice into straining of the gnat and swallowing the camel. Anyhow there can be no doubt that the requirement of detailed Treasury sanction involves a good deal of labour at both ends and it takes a lot of time. It also makes for a timid attitude on the part of the administrative departments..... I am sure that the Treasury will have to exercise their financial powers more in bulk and less in detail. This may involve changes in the forms of parliamentary estimates and in the registers of

...57/

audit, but it should be possible to ensure that only the irritations and none of the essence of control disappear.

My own experience indeed both in this country and in India leads me to believe that bulk control is more economical than itemised scrutiny."

55. It would be possible to match the substance of these old criticisms by parallel statements made to me by more than one of my colleagues. In recalling these deficiencies I should not, however, be understood as implying that the fault is all on one side. I have no doubt that the administrative ministries and departments are also to blame. Even in normal times, the interests of the tax-payers could not be left entirely to the spending departments. Safeguards are always necessary for the careful weighing of competing demands on the public purse, and the supervision of the progress of expenditure by some authority not directly concerned in the expenditure itself. During the war, and to a certain extent subsequently also, there has been considerable weakening in the standard of financial responsibility, which should normally be expected from all administrative agencies. A good deal of "planning" has been undertaken without due regard either to considerations of economy or administrative capacity of spending agencies actually to spend the funds applied for. The problems, therefore, is to bring about such changes in machinery and procedure as would render the processes of expenditure sanction more intelligent, well-informed and speedy, and thereby remove the sense of frustration which afflicts, at any rate, several ministries and departments at present; and, at the same time, to tighten up the process of budget control of expenditure and to promote economy-consciousness and sense of financial responsibility throughout all administrative departments, which are the really effective safeguards against extravagance.

56. I may summarise briefly how I have sought to bring about these results through various proposals contained in this report, as well as the detailed scheme of reorganisation for the ministry of finance, already prepared.

First. -- It has been proposed that the ministry of finance should be sub-divided into four departments each of which will be organised as a separate manageable secretarial charge. At the same time, I have proposed the creation of a central finance council, which will be a high-level organ of co-ordination under the finance minister. The defects arising out of the unwieldy character of the ministry should thus be remedied.

Secondly. -- One of these four departments, namely, the civil finance department, will have full authority and responsibility in respect of control of civil expenditure. Its organisation is designed to give effect to those improvements in financial advisory organisations, which I have outlined earlier in paragraph 25 of this report. This should remove the other defects complained of by various ministries.

Thirdly. -- The improvement in organisation, and, in particular, the bringing together of the secretary in the department and the financial advisers in a civil expenditure board will pave the way for necessary improvements in methods being devised and implemented.

I notice that the Economy Committee has drawn attention to the need for preparing an authoritative compendium of the various rules and regulations issued by the ministry of finance together with all subsequent rules and interpretations. I endorse this recommendation. Concurrently with the preparation of this compendium, a review should be undertaken of the extent to which more effective delegation of powers of expenditure sanction can be effected at different levels to different departmental authorities, having regard to the framework of the machinery of Government, as now proposed to be reorganised. At the same time, a review should be undertaken of the machinery and procedure at

present in force for watching the progress of expenditure in relation to budget grants and appropriations. Changes necessary for simplifying the procedures, tightening up control and locating personal responsibility for maintenance of the necessary control should be carried out.

I have little doubt that the civil expenditure board which I have proposed will be well equipped for carrying out this work systematically. When that is done, I am sure a good deal of avoidable work would be eliminated, the machine as a whole would be speeded up, and there would be substantial improvement from the point of view alike of economy and efficiency.

And lastly.-- While the initiative in making these changes must necessarily vest in the ministry of finance (including therein the financial advisers for groups of departments), I have no doubt that ultimate responsibility for both economy and efficiency must be placed squarely on the shoulders of the administrative departments. The organisation of central administrative offices, which is an important feature of the reorganisation scheme, is specially designed to enable departments to discharge this responsibility. The officers-in-charge of central administrative offices should be made responsible for not only carrying out the economy drive recently begun, but for the continuous maintenance of careful watch against wasteful and unnecessary expenditure. They will be suitably placed for performing these duties efficiently, by reason of their direct personal relations on the one hand with the heads of departments (whose assistants they would be for this purpose) and the financial advisers on the other.

N. GOPALASWAMI.

16.11.1949.